

ORIGINAL

B 104
(Rev. 2/92)ADVERSARY PROCEEDING COVER SHEET
(Instructions on Reverse)ADVERSARY PROCEEDING NUMBER
(Court Use Only)

PLAINTIFFS

STATE LINE HOTEL, INC., a Nevada corporation

DEFENDANTS

LEGENDARY HOLDINGS, INC.

ATTORNEYS (Firm Name, Address, and Telephone No.)

Sallie B. Armstrong
DOWNEY BRAND LLP
427 W. Plumb Lane, Reno, NV 89509
(775) 329-5900

ATTORNEYS (If Known)

PARTY (Check one box only)

 1 U.S. PLAINTIFF 2 U.S. DEFENDANT 3 U.S. NOT A PARTY

CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED)

COMPLAINT TO AVOID AND RECOVER PREFERENTIAL TRANSFERS
[11 U.S.C. §§ 547(b), 550(a) and 502(d)]

NATURE OF SUIT

(Check the one most appropriate box only.)

<input checked="" type="checkbox"/> 454 To Recover Money or Property	<input type="checkbox"/> 455 To revoke an order of confirmation of a Chap. 11, Chap. 12, or Chap. 13 Plan	<input type="checkbox"/> 456 To obtain a declaratory judgment relating to any of foregoing causes of action
<input type="checkbox"/> 435 To Determine Validity, Priority, or Extent of a Lien or Other Interest in Property	<input type="checkbox"/> 426 To determine the dischargeability of a debt 11 U.S.C. § 523	<input type="checkbox"/> 459 To determine a claim or cause of action removed to a bankruptcy court
<input type="checkbox"/> 458 To obtain approval for the sale of both the interest of the estate and of a co-owner in property	<input type="checkbox"/> 434 To obtain an injunction or other equitable relief	<input type="checkbox"/> 498 Other (specify)
<input type="checkbox"/> 424 To object or to revoke a discharge 11 U.S.C. § 727	<input type="checkbox"/> 457 To subordinate any allowed claim or interest except where such subordination is provided in a plan	

ORIGIN OF PROCEEDINGS
(Check one box only.) 1 Original Proceeding 2 Removed Proceeding 4 Reinstated or Reopened 5 Transferred from Another Bankruptcy Court CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23DEMAND
\$ 6,867.52

OTHER RELIEF SOUGHT

 JURY DEMAND
Check only if demanded in complaint

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES

NAME OF DEBTOR

State Line Hotel, Inc., et al.

BANKRUPTCY CASE NO.

BK-N-02-50085-GWZ

DISTRICT IN WHICH CASE IS PENDING
District of Nevada

DIVISIONAL OFFICE

NAME OF JUDGE

Judge Gregg W. Zive

RELATED ADVERSARY PROCEEDING (IF ANY)

PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.
-----------	-----------	--------------------------

DISTRICT	DIVISIONAL OFFICE	NAME OF JUDGE
----------	-------------------	---------------

FILING FEE (Check one box only.)	<input type="checkbox"/> FEE ATTACHED	<input type="checkbox"/> FEE NOT REQUIRED	<input type="checkbox"/> FEE IS DEFERRED
-------------------------------------	---------------------------------------	---	--

DATE 1/7/04	PRINT NAME Sallie B. Armstrong	SIGNATURE OF ATTORNEY (OR PLAINTIFF) <i>Sallie B. Armstrong</i>
----------------	-----------------------------------	--

RECEIVED
AND FILED
2004 JAN 8 AM 7:41
UNITED STATES
BANKRUPTCY COURT
PATRICIA GRAY CLERK

RECEIVED
AND FILED

2004 JAN -8 AM 7:41

UNITED STATES
BANKRUPTCY COURT
PATRICIA GRAY, CLERK

1 RON BENDER (California SBN 143364)
 2 NELLWYN VOORHIES (California SBN 168698)
 3 SUSAN K. SEFLIN (California SBN 213865)
 4 OVSANNA TAKVORYAN (California SBN 217435)
 5 LEVENE, NEALE, BENDER, RANKIN & BRILL L.L.P.
 6 1801 Avenue of the Stars, Suite 1120
 7 Los Angeles, California 90067
 Telephone: (310) 229-1234; Facsimile: (310) 229-1244

8 SALLIE B. ARMSTRONG (Nevada SBN 001243)
 9 DOWNEY BRAND, LLP
 10 427 West Plumb Lane
 Reno, Nevada 89509
 Telephone: (775) 329-5900; Facsimile: (775) 786-5443

11 Attorneys for Chapter 11 Debtors and Plaintiff Herein

12 UNITED STATES BANKRUPTCY COURT
 13 FOR THE DISTRICT OF
 14 RENO, NEVADA

15 In re

16 STATE LINE HOTEL, INC., JIM'S ENTERPRISES,
 17 INC., STATE LINE PROPERTIES, INC., SMITH
 PROPERTIES, STATE LINE CASINO, STATE
 18 LINE PROPERTIES, LTD., and STATE LINE
 APARTMENTS,

19 Debtors and Debtors in
 20 Possession.

) Bankr. Case No. BK-N-02-50085 GWZ
) (State Line Hotel, Inc.)
) Chapter 11 Jointly Administrated With
) BK-N-02-50081 GWZ
) BK-N-02-50083 GWZ
) BK-N-02-50082 GWZ
) BK-N-02-50086 GWZ
) BK-N-02-50084 GWZ
) BK-N-02-50080 GWZ
)

21 STATE LINE HOTEL, INC., a Nevada
 22 corporation,

) Adversary No. _____

23 Plaintiff,

) **COMPLAINT TO AVOID AND
 RECOVER PREFERENTIAL
 TRANSFERS**

24 vs.

25 LEGENDARY HOLDINGS, INC.,

) [11 U.S.C. §§ 547(b), 550(a), and 502(d)]

26 Defendant.

) Date:

) Time: [To Be Set By Court]

) Place:

)

1 State Line Hotel, Inc., a Nevada corporation, Chapter 11 Debtor and Plaintiff herein (the
2 "Plaintiff"), alleges in its complaint to avoid and recover preferential transfers pursuant to 11
3 U.S.C. §§ 547(b), 550(a), and 502(d) (the "Complaint") the following:
4

5 **JURISDICTION AND VENUE**

6 A. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 151, 157
7 and 1334.

8 B. This adversary proceeding arises in and relates to the Plaintiff's bankruptcy case,
9 which was filed in the District of Reno, Nevada ("Bankruptcy Court") on January 10, 2002 (the
10 Petition Date") under Chapter 11.

11 C. This adversary proceeding is brought pursuant to 11 U.S.C. Sections 547, 550,
12 502 and Rule 7001, et seq. of the Federal Rules of Bankruptcy Procedure.

13 D. Venue in the Court is proper pursuant to 28 U.S.C. Section 1409.

14 E. This is a "core" proceeding as defined by 28 U.S.C. Sections 157(b)(2)(A), (E),
15 and (F).

16 **PARTIES**

17 F. Smith Properties, a Nevada general partnership, Jim's Enterprises, Inc., a
18 Nevada corporation, State Line Hotel, Inc., a Nevada corporation, State Line Properties, Inc., a
19 Utah corporation, State Line Casino, a Nevada general partnership, State Line Properties, Ltd.,
20 a Utah limited partnership, and State Line Apartments, a Utah general partnership, Chapter 11
21 Debtors and Debtors in Possession herein (each a "Debtor" and collectively, the "Debtors"),
22 commenced the above captioned bankruptcy cases by filing Voluntary Petitions under Chapter
23 11 of the Bankruptcy Code on January 10, 2002. The Debtors continue to operate their
24 businesses and manage their financial affairs as debtors in possession pursuant to 11 U.S.C. §§
25
26
27
28

1 1107 and 1108. Prior to the sale of substantially all of their assets in December 2002, the
2 Debtors owned and operated casinos, hotels and other properties in West Wendover, Nevada
3 and Wendover, Utah.
4

5 G. Plaintiff is informed and believes, and based thereon alleges that the defendant
6 Legendary Holdings, Inc. (the "Defendant"), conducted business with the Plaintiff prior to the
7 Petition Date.
8

9 H. Plaintiff is informed and believes, and on that basis alleges, that the Defendant
10 was an unsecured creditor of the Plaintiff during the period commencing ninety (90) days prior
11 to the Petition Date and concluding on the Petition Date (the "Preference Period").
12

FIRST CLAIM FOR RELIEF

[AVOIDANCE OF PREFERENTIAL TRANSFERS

13 PURSUANT TO 11 U.S.C. § 547]
14

15 I. Plaintiff realleges and incorporates by this reference each and every allegation
16 set forth in Paragraphs A through H above, inclusive, as though fully set forth herein.
17

18 J. On or within ninety (90) days before the Petition Date, the Plaintiff made
19 transfers to the Defendant totaling \$6,867.52 (the "Transfers"). A detailed summary of the
20 Transfers at issue is attached hereto as **Exhibit "A"** and incorporated by this reference.
21

22 K. The Transfers were made to or for the benefit of the Defendant.
23

24 L. The Transfers were made for or on account of an antecedent debt owed by the
25 Plaintiff before the Transfers were made.
26

27 M. The Transfers were made while the Plaintiff was insolvent.
28

N. The Transfers enabled the Defendant to receive more than it would have
received as a creditor if: (a) the Transfers had not been made; and (b) the Defendant received

1 payment of the debt it was owed to the extent provided under Title 11 of the United States
2 Code.
3

4 O. Interest on the Transfers has accrued and continues to accrue at the maximum
5 legal rate pursuant to 28 U.S.C. § 1961 from the time the Transfers were made.
6

7 P. The Plaintiff is entitled to avoid and recover the Transfers pursuant to 11 U.S.C.
8 § 547.
9

SECOND CLAIM FOR RELIEF

10 [RECOVERY OF AVOIDED TRANSFERS PURSUANT TO 11 U.S.C. § 550]
11

12 Q. Plaintiff realleges and incorporates by this reference each and every allegation
13 set forth in Paragraphs A through P above, inclusive, as though fully set forth herein.
14

15 R. The Plaintiff may recover, for the benefit of the estate, the Transfers, or the
16 value of the Transfers from the Defendant or from the entity for whose benefit the Transfers
17 were made, or any immediate or mediate transferee of such initial transferee.
18

19 S. The Transfers are recoverable from the Defendant as avoidable preferences
20 under 11 U.S.C. § 550.
21

THIRD CLAIM FOR RELIEF

22 [DISALLOWANCE OF ANY CLAIMS HELD BY DEFENDANT PURSUANT TO 11 U.S.C.
23

24 § 502(d)]
25

26 T. Plaintiff realleges and incorporates by this reference each and every allegation
27 set forth in Paragraphs A through S above, inclusive, as though fully set forth herein.
28

U. Defendant is an entity from which property is recoverable under 11 U.S.C. §550,
or Defendant is a transferee of a transfer avoidable under 11 U.S.C. §547.
29

V. Defendant has not paid the amount, or turned over any such property for which Defendant is liable under 11 U.S.C. §522(i), 542, 543, 550, 553 of the Bankruptcy Code.

W. Pursuant to 11 U.S.C. §502(d), Defendant's claim, if any, asserted by Defendant against any of the Debtors, should be disallowed.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully request that judgment be entered as follows:

1. For avoidance of the Transfers under 11 U.S.C. §547 in the amount of \$6,867.52.
2. For judgment against the Defendant for \$6,867.52, together with interest thereon at the legal rate from the date of the Transfers;
3. Disallowing any claims of Defendant if it fails or refuses to turn over any preferential transfer to Plaintiff pursuant to 11 U.S.C. §502(d);
4. For an award of attorney's fees along with costs of suit incurred herein; and
5. For such other and further relief as the Court may deem just and proper under the circumstances of this case.

Dated: January 6, 2004

LEVENE, NEALE, BENDER, RANKIN
& BRILL L.L.P..

By

Johnson, Asante

RON BENDER

NELLWYN W. VOORHIES

SUSAN K. SEELIN

OVSANNA TAKVORYAN

Attorneys for Plaintiff

EXHIBIT "A"

Vendor Name	Check No	Check Amount	Check Date
LEGENDARY HOLDINGS, INC.	91869	\$6,867.52	10/26/2001

EXHIBIT A